

IC 24-9-3

Chapter 3. Prohibited Lending Practices Generally

IC 24-9-3-1

Financing of certain premiums, penalties, and fees prohibited

Sec. 1. (a) A creditor making a home loan may not finance, directly or indirectly, any:

- (1) credit life insurance;
- (2) credit disability insurance;
- (3) credit unemployment insurance;
- (4) credit property insurance; or
- (5) payments directly or indirectly for any cancellation suspension agreement or contract.

(b) Insurance premiums, debt cancellation fees, or suspension fees calculated and paid on a monthly basis are not considered to be financed by the creditor for purposes of this chapter.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-2

Subsidized low rate loans

Sec. 2. (a) A creditor may not knowingly or intentionally replace or consolidate a zero (0) interest rate or other subsidized low rate loan made by a governmental or nonprofit lender with a high cost home loan within the first ten (10) years of the subsidized low rate loan unless the current holder of the loan consents in writing to the refinancing.

(b) For purposes of this section, a "subsidized low rate loan" is a loan that carries a current interest rate of at least two (2) percentage points below the current yield on treasury securities with a comparable maturity. If the loan's current interest rate is either a discounted introductory rate or a rate that automatically steps up over time, the fully indexed rate or the fully stepped up rate, as appropriate, should be used instead of the current rate to determine whether a loan is a subsidized low rate loan.

(c) Each mortgage or deed of trust securing a zero (0) interest rate or other subsidized low rate loan executed after January 1, 2005, must prominently display the following on the face of the instrument:

"This instrument secures a zero (0) interest rate or other subsidized low rate loan subject to IC 24-9-3-2."

(d) A creditor may reasonably rely on the presence or absence of the statement described in subsection (c) on the face of an instrument executed after January 1, 2005, as conclusive proof of the existence or nonexistence of a zero (0) interest rate or other subsidized low rate loan.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-3

Default on existing loan

Sec. 3. A creditor may not recommend or encourage default on an existing loan or other debt before and in connection with the closing

or planned closing of a home loan that refinances all or part of the existing loan or debt.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-4

Date of payment

Sec. 4. A creditor shall treat each payment made by a borrower in regard to a home loan as posted on the same business day as the payment was received by the creditor, servicer, or creditor's agent, or at the address provided to the borrower by the creditor, servicer, or creditor's agent for making payments.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-5

Loan acceleration

Sec. 5. (a) A home loan agreement may not contain a provision that permits the creditor, in the creditor's sole discretion, to accelerate the indebtedness without material cause.

(b) This section does not prohibit acceleration of a home loan in good faith due to the borrower's failure to abide by the material terms of the loan.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-6

Loan balance information

Sec. 6. (a) A creditor may not charge a fee for informing or transmitting to a person the balance due to pay off a home loan or to provide a written release upon prepayment. A creditor must provide a payoff balance not later than ten (10) business days after the request is received by the creditor.

(b) For purposes of this section, "fee" does not include actual charges incurred by a creditor for express or priority delivery requested by the borrower of home loan documents to the borrower.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-7

Evasive and deceptive acts prohibited

Sec. 7. A person may not:

- (1) divide a loan transaction into separate parts with the intent of evading a provision of this article;
- (2) structure a home loan transaction as an open-end loan with the intent of evading the provisions of this article if the loan would be a high cost home loan if the home loan had been structured as a closed-end loan; or
- (3) engage in a deceptive act in connection with a:
 - (A) home loan; or
 - (B) loan described in IC 24-9-1-1.

As added by P.L.73-2004, SEC.33. Amended by P.L.141-2005, SEC.5.

IC 24-9-3-8**Coercion and harassment prohibited**

Sec. 8. A person seeking to enforce section 7(3) of this chapter, may not knowingly or intentionally intimidate, coerce, or harass another person.

As added by P.L.73-2004, SEC.33.

IC 24-9-3-9**Prohibited discrimination**

Sec. 9. It is unlawful for a creditor to discriminate against any applicant with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, or age, if the applicant has the ability to contract.

As added by P.L.73-2004, SEC.33.